C8950-2

SPECIAL SECTION

FIRST-TIME BUYERS

How To Attract And Guide Them To The RV Purchase

040287 05/86270Q115I5162RVB **
CONGRESSICNAL INFO SRV 073085
8507
4520 EAST WEST HWY 800
BETHESDA MD 20814

RV BUSINESS

CONTENTS

FIRST-TIME BUYERS
Patricia E. Goeke

Who is the first-time buyer? This special report details the demographics of the elusive group.

FORD'S REWEY ON VANS

Are vans the industry step-child—or the key to future RV sales?

IS A USED-RV GLUT COMING?

To stock up or unload; that is the question.

WHAT FIRST-TIMERS BUY

Are you using the best bait?

USED RVS
Gaylord Maxwell

Our own Dealer Advisory Board reports on its supply of used RVs.

COAST RV's TIM McGUIRE

An RVB staff interview with this dynamic industry leader, who discusses what Coast is doing and how.

JUSTICE DEPARTMENT REPORT
Robert Longsdorf Jr.

A controversial report is being touted as savior for the industry's woes.

BOATS AND PLANES—AND RVS
Robert Longsdorf Jr.

We are not alone; other leisure-vehicle industries share some of our problems and offer possible solutions.

1987 DEALER OF THE YEAR CONTEST

RVB/RVDA launch this year's campaign to spotlight the industry's finest.

AD OF THE MONTH
Ben Sussman

Borg-Warner gets the nod this month for creativity and effectiveness.

EDITORIAL
Michael Schneider

LETTERS

MAXWELL
Gaylord Maxwell

OERTLE
V. Lee Oertle

MAGARY
Don Magary

RV PEOPLE

GUESTVIEW
Morton J. Marcus

PERSPECTIVE
Gaylord Maxwell

ASSOCIATIONS
Olga Markowitz

SHIPMENTS

INDUSTRY NEWS
Olga Markowitz

NEW MODELS

CALENDAR

BACK PAGE
Sheryl Harris

ON THE COVER: Attracting the elusive first-time RV buyer through the maze of leisure-time distractions remains the chief concern of the RV industry. Who are those buyers, where and when can we expect them to enter the marketplace, and how have other industries dealt with the issue? Our special section begins on page 28. (Illustration: Tom O'Mary.)

Perspective

An analysis of RVB's monthly survey of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	FEB '86	FEB '85	% CHANGE	1986	1985	% CHANGE	FEB '86	FEB '85	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	79	108	−27	178	188	− 5	114	103	+11	170	176	− 3
TRAVEL TRAILERS	79	77	+ 3	149	122	+22	59	60	− 2	111	105	+ 6
TRUCK CAMPERS	13	9	+44	27	20	+35	7	10	−30	10	13	−23
CAMPING TRAILERS	135	120	+13	227	186	+22	21	25	−16	28	25	+12
FIFTH-WHEELS	28	32	−13	46	53	−13	8	7	+14	17	17	same

	FOR MONTH			YEAR-TO-DATE		
	FEB '86	FEB '85	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$7,590,487	$8,193,635	−7	$14,465,773	$14,399,854	+less than 1%
TOTAL UNIT SALES	543	561	−3	963	905	+6
NEW UNIT SALES	334	346	−3	627	569	+7
USED UNIT SALES	209	215	−3	336	336	same

February was a so-so month for our Dealer Advisory Board (DAB). Compared to the previous February, figures for both unit sales and dollars were slightly down. In dollar volume, the 23 dealers on the board were almost evenly divided between the ups and the downs. In terms of units, two of the five new RV categories were up and three were down. Used categories showed the same division but with different types.

Overall, the profit picture showed improvement over the past two or three months during which dealers were getting rid of excess and difficult inventory. Profits were generally rated fair to good, but with quite a few excellents.

There is no single direction for DAB dealers. Two very large dealerships took a real sales beating in February, but several medium-size dealerships nearly doubled their sales from the previous February. One dealer complained that, since the first of the year, he has gained three new competitors within a mile of his dealership.

It is a little early to predict a trend, but with the two very positive factors of much lower gas prices and greatly lowered interest rates, it could be a good year. If it starts shaping up that way, you can bet that we'll see lots of new competition in the next few months.

MOTORHOMES

The sharp decline in new-unit sales is largely attributable to very poor sales by some of the larger motorhome DAB dealers. Fortunately, it is early in the year and the figures represent only a small portion of annual sales; so, the picture may change quickly.

Used sales were good in February, but they are slightly down year-to-date. The profit picture is better; most dealers reported them good.

TRAVEL TRAILERS

New-travel-trailer sales were up over the previous February, but the actual increase was only two units. Used sales dropped by one. Year-to-date, however, new units are up nearly a quarter over the first two months of 1985 and used units are up slightly.

Travel trailer profits were quite varied, ranging all the way from poor to excellent; however, good received more marks than any other rating from the DAB members. This could be a comeback year for trailer dealers.

TRUCK CAMPERS

The percentage increase for new unit sales in both February and for the year-to-date are up considerably. Used sales haven't been as strong. Although the unit numbers aren't large, this RV type might be in for a good year.

FOLDING TRAILERS

The early shows have been good for fold-down dealers. Sales of this RV type are up nicely for both the month and the year-to-date. Most of the DAB members who specialize in this type or who make a strong effort to market them along with other RV types, are doing very well. Profits varied from fair to excellent.

Used units didn't fare as well in February. An interesting note is that more dealers now appear to be taking used fold-downs in trade than formerly did. Indications at this time are that it will be a good camping trailer year.

FIFTH-WHEELS

New-unit sales in this category were down for February as they are for the year-to-date. The drop isn't much in units, but it seems to be consistently down. It is early in the year, but it is possible that a trend is setting in.

Used units are doing better. Profits are, too; most fiver dealers indicated profits are good. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, FEBRUARY

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during February 1986 was 30,900 units, down 1.3% from February 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

RV shipments were as follows in Feb. 1986		Feb. 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	3,900	4,000	− 2.5%	9,300	8,500	+ 9.4%
PARK MODELS	500	500	0%	1,300	1,000	+30.0%
FIFTH-WHEELS	1,700	1,400	+21.4%	3,800	3,000	+26.7%
TRUCK CAMPERS	500	500	0%	900	900	0%
MULTI-USE VEHICLES	16,300	14,800	+10.1%	31,400	28,200	+11.4%
TYPE A: MOTOR-HOMES	2,900	3,500	−17.1%	5,400	6,700	−19.4%
TYPE B: VAN CAMPERS	400	300	+33.3%	1,000	800	+25.0%
TYPE C: MINI MOTOR-HOMES	2,200	3,000	−26.7%	4,000	5,200	−23.1%
FOLDING CAMPING TRAILERS	2,500	3,300	−24.2%	6,000	5,900	+ 1.7%
TOTALS	30,900	31,300	− 1.3%	63,100	60,200	+ 4.8%

'Way out west, or anywhere else for that matter, you gotta be fast. And you better be good because the first one out with the best product is usually the most successful. Imitations and look-alikes just don't pass muster. The profits are not as great. So the imitators usually end up offering the same product for less. Or less for less. Which encourages companies with *real* ability to become pioneers.

At Executive Industries, we've made a habit of being first. We did it with *The Diplomat*. We did it with *The Executive*. We have the people and technology to make our ideas work. It not only means we produce the finest, most advanced luxury motorhomes, it means we also place the needs and comfort of our customers *first*.

And having the best selling luxury motorhomes means greater profitability and a better competitive position for everybody.

When you're looking for *real* leadership in manufacturing, service and dealer commitment, follow Executive's pioneering spirit.

The Executive
The Diplomat

Executive Industries, Inc.
P.O. Box 2100
Chino, CA 91708

14320 Ramona Avenue
Chino, CA 91710
(714) 597-7721

Executive, Circle 26 on Reader Service Card Diplomat, Circle 27 on Reader Service Card

USED-RV GLUT

from page 31

linois, confirms that not only is her used stock unusually high, other dealers in the area are experiencing a similar fate. "I was recently in a regional dealers meeting," she says, "where they asked for a show of hands from dealers who thought they were over inventoried on used, and well over half of the group said they were."

As Van Pelt sees it, a good deal of the problem is that she is simply taking in more trades than she did in the past. "I am finding that a lot more people are electing to trade rather than try to sell their units themselves. In the past I found that established RVers would go ahead and sell their units first, then come in with the cash to make their purchase. Now there seems to be more of a willingness to let the dealer handle that, even if it does cost them a little extra."

In sharp contrast to these dealers, Dave Altman of Southern California-based Altman's RV Sales, says his stock of used units is down, and he has implemented an incentive program to encourage salesman to more aggressively pursue trades. In pursuit of used units, he has begun advertising for rigs, even listing an 800 number for pro-

WHAT FIRST-TIMERS BUY

If you have a headache, you don't argue about the wisdom of using a "quick fix." Most of us simply take an aspirin and go on.

The negative aspect is that once we feel better we seldom pause to discover the cause of the original problem. That's why historian Arnold Toynbee once quipped, "There is nothing in man's history to indicate that man has learned a damn thing from his history."

RV manufacturers seem to be at the entry level of that process—they have a marketing headache and are looking for the quick fix. In this case the aspirin appears to have two legs, a spouse and perhaps a child or two. It's called a "first-timer", and some manufacturers are willing to spend some big bucks to locate and motivate him or her.

The trouble is that the remedy may not even achieve temporary relief. That's because most first-timers don't buy new

continued on page 42

WHAT FIRST-TIMERS BUY

WHAT EXPERIENCED RVERS BUY

SOURCE: TRAILER LIFE AND MOTORHOME READERSHIP SURVEY

WHEN COLOR IS MORE THAN JUST A PIGMENT OF YOUR IMAGINATION

WE MATCH IT!

RED LABEL
★ Standard utility colors
★ Competitively priced
★ Available in any quantity

GOLD LABEL
★ Exact OEM color match
★ Short, three-day lead time
★ 12 spray cans minimum

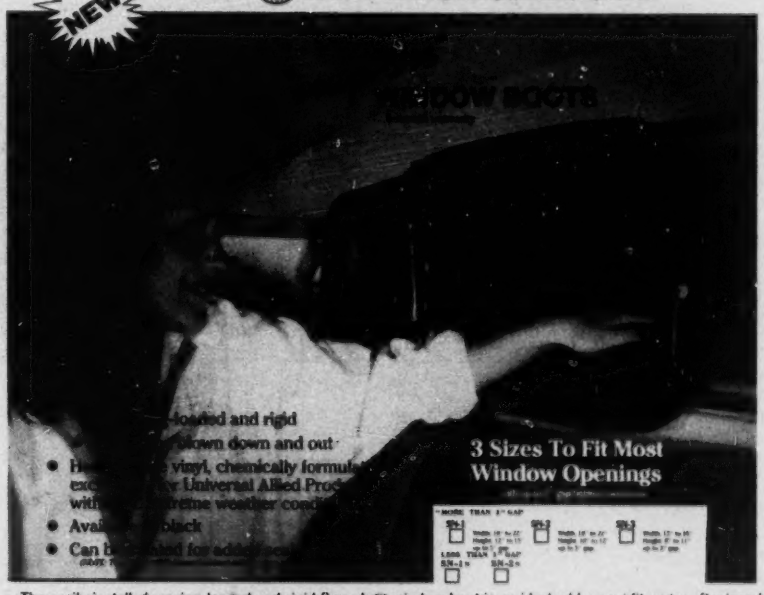
Now you can conveniently carry OEM touch-up paint for each color RV. No bulky quarts or gallons to dry up or go bad. ★ Quick. ★ No mess. ★ Have aerosol convenience available for immediate use. ★ Why wait for special orders?

Call or write today: Automotive Dept.
ROLLIE WILLIAMS
PAINT SPOT
P.O. Box 664 • Elkhart, Indiana 46515 • (219) 264-3174

Rollie Williams, Circle 80 on Reader Service Card

NEW

Exclusively from Universal Allied Products LTD.
P.O. Box 58044 / Seattle, Washington 98188 / (206) 575-1334



The easily installed, spring-loaded and rigid Snap-In™ window boot is an ideal add-on profit maker. Designed for use with truck caps or campers, the rugged construction provides passport window access and positive security from the weather. The rectangular-shaped, rigid tubing frame assures your customer of a better looking fit. Our years of manufacturing pneumatic window boots and cab cushions guarantees product quality.

Universal Allied Products LTD.
P.O. Box 58044 / Seattle, Wa 98188 / 1-800-426-4819 (206) 575-1334

Universal Allied, Circle 78 on Reader Service Card

BUYING HABITS

from page 32

RVs. In actual fact, surveys of *Trailer Life* and *MotorHome* readers show that more than 80 percent of all RV owners buy a *used*, rig the first time around!

That makes sense, because the first-timer is typically very price conscious. Look at some of the good deals available on used product—especially in areas of the country where used inventory is accumulating.

Price sensitivity, however, doesn't go away; the surveys show that 46 percent of *all* RV owners rank price as their first buying consideration. Floorplan and reliability run a close second and third.

Getting back to the used RV, the research shows that recent years of high gasoline prices have caused a decrease in miles driven per year. As an example, the median annual RV miles driven in 1983 as RVers emerged from a depressing four years of fuel anxiety and high gas prices was 5240 for *MotorHome* readers and 3940 for *Trailer Life* readers. (The most recent study, concluded in late 1985, found that declining gas prices had already boosted RVer's driving expectations by 6.4 percent.)

". . . gas prices boosted driving expectations by 6.4%."

Then add into your thinking the very high production of motorhomes and trailers in the years prior to the fuel crisis. You come up with a formidable number of used RVs with low mileage and in relatively good condition. That's what new product must compete with today. It's a competition created by former good times and present circumstances.

The bottom line is that if you want to sell first-timers a new rig, you'll have to wait until they have a year or two or three of RVing under their belt and are ready to upgrade. That's when folks start thinking of a "new" rig in every sense.

In the meantime, perhaps there is truth in the old wisdom that sees opportunity in every problem. Here, the opportunity—and perhaps even some rapid relief—could be in getting behind an effort to put those used wheels back on the road. Manufacturers could help dealers use their co-op dollars more effectively, used shows could be organized, and perhaps used RVs could be allowed into some new shows.

Even given the fact that many used towables are sold for housing, it remains true that putting an "experienced" RV back on the road eventually creates a demand for a new one. Δ

USED RVs

AN '85 SUMMARY

GAYLORD MAXWELL

A study of the used-RV picture for 1985 has recently been completed by *RV Business*. Questionnaires were submitted to members of RVB's Dealer Advisory Board (DAB) and 19 members responded. Those dealers represent a variety of types, sizes and regions ranging from specialists who sell only one RV type, to dealerships doing annual dollar volumes ranging from $1 million to more than $15 million, and dealerships distributed geographically from coast to coast.

Analysis of the data collected leads to these findings and conclusions about used-RV sales in 1985:

- 39 percent of all units sold (6120 total) were used.
- By types, 37 percent of the used units sold were motorhomes, 37 percent travel trailers, 11 percent camping trailers, 9 percent fifth-wheels and 6 percent truck campers.
- The average dealer sold 122 used units; the median was 95.
- 32 percent of the 19 respondents sold more used units than new.
- The most used units sold by a dealer was 262; the least 32.
- Dealers say that 80 percent of their used units are acquired as trade-ins, 14 percent by consignment and 6 percent by outright purchase.
- 33 percent rate their used inventories as large; 54 percent, average; and 13 percent, small.
- The average dealer had 24 used units on his lot (the highest was 84; the lowest, 4).
- Dealers say that 50 percent of their first-time buyers buy used.

The following conclusions are supported by the data:

The fact that more than 33 percent of

The following chart shows ages of trade-ins by RV type:

MODEL YEAR	RV TYPE				
	MH	**TT**	**PUC**	**FCT**	**FW**
'74-older	11%	16%	36%	15%	14%
'75-'76	10%	11%	16%	10%	8
'77-'78	27%	22%	18%	15%	31%
'79-'80	23%	20%	13%	20%	18%
'81-'82	15%	18%	8%	21%	18%
'83-'84	14%	13%	9%	19%	11%

The condition of used units taken in were rated as follows:

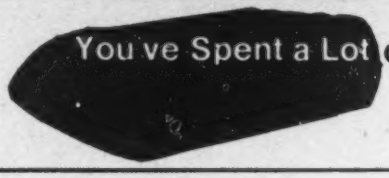
RV TYPE	EXCELLENT	GOOD	FAIR	POOR
MH	14%	46%	33%	8%
TT	15%	45%	30%	10%
PUC	5%	24%	52%	19%
FCT	8%	43%	31%	18%
FW	16%	43%	30%	11%

Mileage on used motorhomes was rated as follows:

	UNDER 25M*	25-50M	50-75M	75-100M	OVER 100M
Class A:	21%	60%	16%	2%	1%
Class B:	9%	40%	34%	15%	2%
Class C:	26%	54%	16%	3%	1%

**M = thousands*

MH *motorhome*
TT *travel trailer*
PUC *pickup camper*
FCT *folding camping trailer*
FW *fifth-wheel*



NOW *Spend A* Little On a Product You'll Use a Lot....

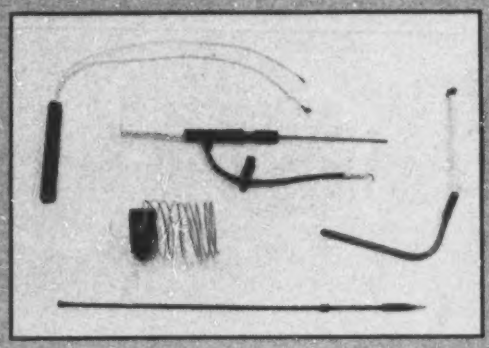
- 12 Volt
- Three Speeds
- Moves 577 to 942 cubic feet of air per minute
- Fits 14" x 14" opening provided by most manufacturers

For additional information Write or Call:
(313) 742-0330
4349 S Dort Hwy. • Burton, MI 48529

Brings the Outside In... *Instantly*

FAN-TASTIC VENT CORPORATION

Fan-Tastic Vent, Circle 28 on Reader Service Card



★ Absorption Cooling Units Rebuilt
★ Heating Elements - Thermostats
★ Thermocouples - Etc.

Price List Catalog upon request

R/V Gas Refrigeration Inc.
485 E. Donegan Ave.
Kissimmee, FL 32743
(305) 846-3511

R/V Gas Refrigeration, Circle 68 on Reader Service Card

STATISTICAL SURVEYS, INC.
3645 LINDEN S.E. GRAND RAPIDS, MICHIGAN 49508

THE NEW STATISTICAL SURVEYS, INC.
EXPANDED REGISTRATION REPORT SERVICE

STARTING WITH 1984 YOU CAN HAVE RETAIL REPORTS ON:

- ★ 47 KEY RV TRAILER STATES
- ★ DEALER RETAIL SALES IN 14 STATES
- ★ NEW FORMATS IN THE STANDARD REPORT SERVICE
- ★ MANUFACTURER AND BRAND SUMMARY IN 47 STATES
- ★ THE TOP 100 RV TRAILER MARKETS NATION WIDE
- ★ SPECIAL REPORTS YOU DESIGN
- ★ PRICED TO FIT YOUR BUDGET

Please write or call for further information — STATISTICAL SURVEYS, INC.
3645 LINDEN S.E.
GRAND RAPIDS, MI 49508
(616) 241-5669

USED-RV GLUT

continued

all RVs sold are used units indicates the importance of a well-planned program for handling that inventory. With 80 percent of those units coming in as trades, salespeople and managers must do a good job in establishing values before deals are made. Service departments have a responsibility to maximize selling prices by making units as salable as possible.

It is apparent from the data that some dealers do not have strong used-RV programs. The fact that almost 33 percent of the dealers involved in the study sold more used units than new ones suggests that those who sell very few used, in relation to new, are missing the boat.

Size of inventory ratings indicate generally that used inventories aren't out of balance; however, the fact that 33 percent gave a large rating suggests that overall used inventory levels are rising. Dealers would be well-advised to watch that situation carefully.

With 50 percent of first-time buyers opting for used units, dealers and managers should pay special attention to training and education in that area. Salespeople must know a lot more about those used units than just their prices, if they plan to give their customers good information and assistance. These are prime requirements for operating a good business.

With the exception of truck campers, almost half or more of all trade-ins are '77s models or newer. An implication is that dealers have a great deal of cash tied up in newer, more expensive used inventory. Almost 30 percent of those units are '81s or newer—RVs sold during the tremendous price-increase era after the second oil crisis. A trend toward trading in RVs more often, thus trading in newer rigs, seems apparent.

Motorhome, travel trailer and fifth-wheel trade-ins follow a fairly close pattern, but the other two types do not. Truck campers tend to be kept for a long time (more than 50 percent are 10 years old or older). Fold-downs, on the other hand, tend to be traded in more quickly (40 percent are '81s or newer).

In terms of condition at the time of trade-in, there is a similarity of patterns with ages of the types traded in. Motorhomes, travel trailers and fifth-wheels are more likely to be in good or excellent condition; camping trailers are likely to range from poor to good, and truck campers from poor to only fair. There seems to be a relationship between age and condition in the latter.

The mileage on both trade-in Class A and C motorhomes indicates that chassis are generally not worn out by the time the motorhome is sold to a second buyer. Class B's, however, tend to have more mileage at trade-in time. Δ